

**REPLACEMENT HOUSING PLAN FOR
1921 WEST 16TH STREET**

**WEST LONG BEACH INDUSTRIAL
REDEVELOPMENT PROJECT AREA**



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I. INTRODUCTION

This Replacement Housing Plan (the “Replacement Housing Plan”) for 1921 West 16th Street (“Subject Property”) has been prepared pursuant to Section 33413.5 of the California Health and Safety Code for the Redevelopment Agency of the City of Long Beach (the “Agency”). Section 33413.5 requires that, not less than 30 days prior to the execution of an agreement for acquisition of real property, or the execution of an agreement for the disposition and development of property, or the execution of an owner participation agreement, which agreement would lead to the destruction or removal of dwelling units from the low- and moderate-income housing market, the Agency shall adopt by resolution a replacement housing plan.

In addition, Section 33413.5 mandates that the Replacement Housing Plan shall include the following components:

- The number of dwelling units housing persons and families of low- or moderate-income to be removed and replaced by construction or rehabilitation;
- The general location of housing to be rehabilitated, developed or constructed pursuant to Section 33413;
- An adequate means of financing such rehabilitation, development, or construction;
- The timetable for meeting the Replacement Housing Plan’s relocation, rehabilitation, and replacement housing objectives; and
- A finding that the replacement housing does not require the approval of the voters pursuant to Article XXXIV of the California Constitution, or that such approval has been obtained;

II. DEFINITIONS

Very-Low-Income Household

Persons and families whose gross incomes do not exceed 50 percent of the area median income adjusted for family size.

Low-Income Household

Persons and families whose gross incomes exceed 50 percent but do not exceed 80 percent of the area median income adjusted for family size.

Moderate-Income Household

Persons and families whose gross incomes exceed 80 percent but do not exceed 120 percent of the area median income adjusted for family size.

Affordable Owner-Occupied Housing Cost

Section 50052.5 of the California Health and Safety Code states that for any owner-occupied housing, “affordable housing costs” shall not exceed the following:

- (1) For very-low-income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For lower-income households whose gross incomes exceed the maximum income for very-low income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size. In addition, for any lower-income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30 percent of the gross income of the household.
- (3) For moderate-income households whose gross incomes exceed the maximum income for lower-income households and do not exceed the 110 percent of the area median income adjusted for family size, the product of 35 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that equals or exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35 percent of the gross income of the household.

Affordable Renter-Occupied Housing Cost

Section 50053 of the California Health and Safety code states that for any rental housing development, “affordable rent,” including a reasonable utility allowance, shall not exceed:

- (1) For very-low-income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For lower-income households whose gross incomes exceed the maximum income for very-low-income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower-income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.
- (3) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

Replacement Dwelling Unit

For this Replacement Housing Plan, “Replacement Dwelling Unit” means a dwelling unit developed or constructed in the City of Long Beach pursuant to Section 33413 in replacement of a dwelling unit destroyed or removed from the low- and moderate-income housing market by the Agency and which is decent, safe, and sanitary, contains at least the same number of bedrooms and other living areas as the dwelling unit destroyed or removed, and is available at affordable housing cost to low- and moderate-income households.

III. REPLACEMENT HOUSING REQUIREMENTS

Section 33413(a) of the California Health and Safety Code requires that whenever low- or moderate-income household dwelling units are destroyed or removed from the housing market as part of a redevelopment

project which is subject to a written agreement with a redevelopment agency or where financial assistance has been provided by the agency, the agency shall, within four years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to persons and families of low- or moderate-income, an equal number of replacement dwelling units which have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency.

When dwelling units are destroyed or removed on or after January 1, 2002, 100 percent of the replacement dwelling units shall be available at affordable housing cost to persons in the same or lower income category (low, very low, or moderate), as the persons displaced from those destroyed or removed units.

Section 33413(f) of the California Health and Safety Code modifies these requirements as follows:

Notwithstanding subdivision (a), the agency may replace destroyed or removed dwelling units with a fewer number of replacement dwelling units if the replacement dwelling units meet both of the following criteria:

- (1) The total number of bedrooms in the replacement dwelling units equals or exceeds the number of bedrooms in the destroyed or removed units. Destroyed or removed units having one or no bedroom are deemed for this purpose to have one bedroom.
- (2) The replacement units are affordable to the same income level of households as the destroyed or removed units.

IV. PROJECT DESCRIPTION

In September of 2003 the Agency talked to the owner of 1921 West 16th Street ("Subject Property") within the West Long Beach Industrial Redevelopment Project Area about the possible purchase of her property. Purchase of nonconforming residential property in this Redevelopment Project Area is consistent with the goals of the West Long Beach industrial Redevelopment Plan. If the acquisition proceeds, the land will be marketed for an industrial reuse (the "Project").

The Project's primary activities will include the following:

A. Acquisition, Relocation and Demolition

The Agency will acquire the Subject Property, relocate the existing occupant, and demolish the structure to prepare the site for new development.

B. New Construction and/or Substantial Rehabilitation

The Subject Property will be added to adjacent parcels already owned by the Redevelopment Agency and sold to Parker Diving Services, Inc. for a new 5,000 square foot office and warehouse facility. The development will include on-site parking, landscaped setbacks along street frontage, and screening as required by the Agency. The assemblage of property and all new construction and rehabilitation will be in accordance with the City of Long Beach General Plan, the West Long Beach Industrial Redevelopment Plan, and current City zoning requirements.

V. RESIDENTIAL UNITS TO BE REMOVED AND REPLACED

The Subject Property contains one one-bedroom residential unit occupied by a very-low- income household. This unit will be removed for the Project and replaced in kind per the California Health and Safety Code.

VI. GENERAL LOCATION OF HOUSING TO BE REHABILITATED, DEVELOPED OR CONSTRUCTED

Pursuant to California Health and Safety Code Section 33413, the Agency will, within four years, rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed a one-bedroom dwelling unit for rental or sale to persons and families of very-low-income.

As allowed by Section 33413, the replacement dwelling unit will not be located within the Project Area since one of the goals of the West Long Beach Industrial Redevelopment Project is to remove all nonconforming residential uses. Instead, the replacement dwelling unit will be located outside the Project Area, within the territorial jurisdiction of the City of Long Beach.

The Agency has already taken action to provide a replacement dwelling. Related Companies of California purchased the Parwood Apartments in January of 2002, and substantially rehabilitated the complex with the financial assistance of the Long Beach Housing Development Company ("LBHDC"), including the use of Redevelopment Agency set-aside funds. Now known as Northpointe Apartments, seven one-bedroom units are now available to very-low-income households. One of these rehabilitated

units will be used as a replacement dwelling unit for the dwelling unit removed as a result of the acquisition of the Subject Property.

VII. FINANCING OF REPLACEMENT HOUSING

The Agency transfers all of the 20% set-aside funds from each redevelopment project area into the City's Housing Development Fund. This money is used by the LBHDC to assist in the production of affordable housing as required by Law. Current LBHDC programs funded by set-aside tax increment revenues include the following:

- First-Time Home Buyer Down Payment Assistance Program;
- Interest Rate Reduction Program
- Moderate-Income Rehabilitation Loan Program; and
- Developer Assistance Program

Should the LBHDC build or otherwise assist in the creation of affordable housing in the territorial jurisdiction of the Agency, it will do so in accordance with California Health and Safety Code Section 33413(b). In addition, the creation or rehabilitation of replacement dwelling units can be financed through a variety of means other than set-aside tax increment revenues, including:

- State of California Cal Home Program funds;
- State of California HELP Program funds;
- State of California CHFA Tax-Exempt Mortgage Revenue Bond Program funds;
- Federal HOME Program Funds;
- Mortgage Credit Certificate Program; and
- Conventional bank loans

As is often the case, the creation of replacement housing depends on a number of financing sources. In the case of the Northpointe Apartments, replacement housing is financed with redevelopment set-aside funds, low income housing tax credits, State of California HELP funds, and tax exempt bonds.

VIII. TIMETABLE FOR DEVELOPMENT OF REPLACEMENT HOUSING

The law requires that within four years of the destruction or removal of any low- or moderate-income housing, the Agency will rehabilitate, develop or construct, or cause to be rehabilitated, developed, or constructed, for rental or sale to low- or moderate-income families, replacement dwellings for those units lost as a result of the Project's implementation. The Northpointe Apartments Project has just been completed and is currently being rented to qualified households.

These new residential units will be made available at costs affordable to individuals and families of very-low-, low-, and moderate-income and covenants will be recorded against the properties to ensure the affordability of the units for a period of time not less than the land use controls contained within the West Long Beach Industrial Redevelopment Plan. In the case of the Northpointe Apartments Project, residential units are restricted for rental to very-low-income households for a period of 55 years.

IX. COMPLIANCE WITH ARTICLE XXXIV OF THE CALIFORNIA CONSTITUTION

Article XXXIV of the California Constitution requires voter approval of all low-rent housing projects that are developed, constructed, or acquired by a public entity. Under Section 37001 of the California Health and Safety Code, the Project is not a “low-rent housing project” as defined in Section 2 of Article XXXIV of the California Constitution because the housing units are being developed to replace dwelling units previously or currently occupied by lower-income households. Therefore, the proposed replacement housing does not require the approval of voters pursuant to Article XXXIV of the California Constitution.

X. PROVISION FOR PUBLIC REVIEW AND COMMENT

In accordance with Section 33413.5, a draft of the Replacement Housing Plan has been made available for review and comment by the general public and other public agencies.